



MCDONALD COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-135
December 29, 2000
www.auditor.state.mo.us



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like McDonald, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of McDonald County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- As noted in the prior report, the county did not distribute a portion of its General Revenue Fund property tax collections to the Special Road and Bridge Fund as authorized by a ballot issue approved by the voters. At December 31, 1999, the General Revenue Fund owed \$217,580 to the Special Road and Bridge Fund.
- It appears the county has exhausted most of its accumulated cash balance in the General Revenue Fund and continues to spend at a level that is beyond its ability to fund. The county is financing general operating activities by improperly retaining road monies. The county's budget for the year ended December 31, 2000, projects the ending cash balance of the General Revenue Fund to be \$6,869 with no expected transfer of property taxes to the Special Road and Bridge Fund. In addition, the county is close to exceeding the maximum amount of debt that it can legally incur considering the required property tax monies due the Special Road and Bridge Fund and the liabilities for two loans the county has outstanding for patrol cars and the courthouse addition.
- Actual disbursements exceeded budgeted amounts for some funds. Budgets were not prepared for the Domestic Violence Fund and the DARE Fund. The annual published financial statements of the county did not include the financial activity of some county funds as required. In addition, several funds had negative cash balances at year end.

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- The county generally made efforts to seek competitive bids for most major purchases; however, several items purchased by elected officials and the county were noted in which bids were not solicited, nor was bid documentation always retained. Additionally, contrary to county policy, the county allowed the road and bridge grader operators to grade private roads in the county, without keeping track of the roads graded.

Also included in the audit are recommendations to improve the county's personnel policies and procedures, land acquisition procedures and verification of county property tax books. In addition, the audit recommended improvements in the accounting controls and procedures for the courts under the Circuit Clerk's authority, Sheriff, Prosecuting Attorney, and the Health Department.

Copies of the audit are available upon request.

MCDONALD COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of McDonald County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

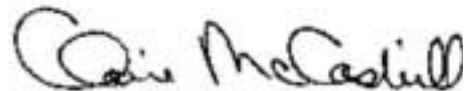
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of McDonald County Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of McDonald County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 21, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of McDonald County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 21, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	Amy Fast
Audit Staff:	Jay Ross
	Troy Royer
	Curtis Gannon



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of McDonald County, Missouri

We have audited the special-purpose financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

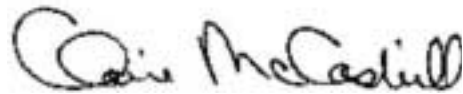
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of McDonald County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 99-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of McDonald County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of McDonald County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

August 21, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 88,270	1,384,169	1,436,305	36,134
Special Road and Bridge	374,518	1,300,477	1,278,721	396,274
Assessment	188	164,766	161,642	3,312
Law Enforcement Training	(1,765)	7,824	5,310	749
Prosecuting Attorney Training	1,550	1,272	2,808	14
Health Department	430	202,672	226,119	(23,017)
Prosecuting Attorney Bad Check	5,032	17,414	20,890	1,556
Recorder's	43,774	11,104	21,260	33,618
Local Records	1,165	0	1,165	0
Sheriff's Special	1,236	7,467	8,703	0
Extradition and Transportation	2,601	13,084	10,711	4,974
Prosecuting Attorney Delinquent Sales Tax	526	3,342	2,034	1,834
Sheriff's Civil	871	11,156	14,508	(2,481)
Law Library	1,684	3,047	2,462	2,269
Circuit Court Interest	7,003	2,091	4,366	4,728
Recorder's Interest	820	140	390	570
Domestic Violence	1,060	2,600	2,740	920
DARE	1,347	6,097	5,686	1,758
River Patrol	180	7,756	7,875	61
Total	\$ 530,490	3,146,478	3,213,695	463,273

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 343,378	1,583,147	1,838,255	88,270
Special Road and Bridge	370,980	1,190,512	1,186,974	374,518
Assessment	3	168,582	168,397	188
Law Enforcement Training	1,413	5,819	8,997	(1,765)
Prosecuting Attorney Training	829	1,806	1,085	1,550
Health Department	13,223	209,573	222,366	430
Law Enforcement Sales Tax	145,979	58	146,037	0
Prosecuting Attorney Bad Check	9,170	15,491	19,629	5,032
Recorder's	51,834	11,677	19,737	43,774
Local Records	(1,338)	2,503	0	1,165
Sheriff's Special	3,742	10,098	12,604	1,236
Extradition and Transportation	3,679	27,408	28,486	2,601
Prosecuting Attorney Delinquent Sales Tax	201	325	0	526
Sheriff's Civil	258	12,071	11,458	871
Law Library	2,423	3,127	3,866	1,684
Circuit Court Interest	8,651	2,403	4,051	7,003
Recorder's Interest	698	175	53	820
Domestic Violence	1,050	2,420	2,410	1,060
DARE	0	2,166	819	1,347
River Patrol	0	905	725	180
Total	\$ 956,173	3,250,266	3,675,949	530,490

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MCDONALD COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 293,413	317,294	23,881	294,848	309,586	14,738
Sales taxes	540,000	551,083	11,083	540,000	511,539	(28,461)
Intergovernmental	198,803	223,433	24,630	174,857	227,161	52,304
Charges for services	259,000	253,959	(5,041)	213,500	246,473	32,973
Interest	20,000	8,669	(11,331)	20,000	16,543	(3,457)
Loan proceeds	0	0	0	150,000	100,000	(50,000)
Other	37,750	25,261	(12,489)	17,850	20,808	2,958
Transfers in	2,500	4,470	1,970	145,979	151,037	5,058
Total Receipts	1,351,466	1,384,169	32,703	1,557,034	1,583,147	26,113
DISBURSEMENTS						
County Commission	59,340	58,567	773	47,340	47,569	(229)
County Clerk	77,186	76,047	1,139	64,645	65,145	(500)
Elections	22,350	23,340	(990)	48,350	42,240	6,110
Buildings and grounds	82,500	67,062	15,438	88,500	101,335	(12,835)
Employee fringe benefits	131,000	131,129	(129)	123,500	113,332	10,168
County Treasurer	30,960	30,792	168	20,653	19,425	1,228
County Collector	81,584	75,790	5,794	77,153	71,918	5,235
Ex Officio Recorder of Deeds	40,617	33,808	6,809	32,995	31,712	1,283
Circuit Clerk	16,155	13,862	2,293	23,098	14,938	8,160
Court administration	15,950	14,266	1,684	12,750	9,664	3,086
Public Administrator	6,300	5,013	1,287	6,300	5,807	493
Sheriff	276,040	281,189	(5,149)	252,234	279,306	(27,072)
Jail	196,140	215,394	(19,254)	185,889	200,573	(14,684)
Prosecuting Attorney	160,161	169,102	(8,941)	129,157	140,764	(11,607)
Juvenile Officer	37,166	26,310	10,856	37,953	31,505	6,448
County Coroner	14,430	10,375	4,055	14,180	14,937	(757)
General County Government	70,910	58,527	12,383	68,060	73,390	(5,330)
Civil Defense	6,077	1,467	4,610	5,400	7,041	(1,641)
Courthouse addition	0	0	0	370,000	442,872	(72,872)
Debt service	28,500	28,500	0	0	0	0
Other	77,488	67,270	10,218	72,356	66,739	5,617
Transfers out	55,000	45,000	10,000	65,000	57,149	7,851
Emergency Fund	40,000	3,495	36,505	48,000	894	47,106
Total Disbursements	1,525,854	1,436,305	89,549	1,793,513	1,838,255	(44,742)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(174,388)	(52,136)	122,252	(236,479)	(255,108)	(18,629)
CASH, JANUARY 1	88,270	88,270	0	343,378	343,378	0
CASH, DECEMBER 31	\$ (86,118)	36,134	122,252	106,899	88,270	(18,629)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

MCDONALD COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 4,000	6,973	2,973	4,000	4,947	947
Sales taxes	460,000	516,973	56,973	460,000	466,525	6,525
Intergovernmental	661,000	704,558	43,558	601,000	684,046	83,046
Interest	20,000	14,720	(5,280)	25,000	15,046	(9,954)
Other	450,000	57,253	(392,747)	400,000	19,948	(380,052)
Total Receipts	1,595,000	1,300,477	(294,523)	1,490,000	1,190,512	(299,488)
DISBURSEMENTS						
Salaries	328,744	336,307	(7,563)	306,595	317,951	(11,356)
Employee fringe benefits	103,000	79,966	23,034	82,500	72,109	10,391
Supplies	57,000	55,967	1,033	52,000	71,081	(19,081)
Insurance	15,000	15,027	(27)	20,000	12,825	7,175
Road and bridge materials	266,000	187,528	78,472	255,000	215,539	39,461
Equipment repairs	60,000	86,275	(26,275)	50,000	83,553	(33,553)
Equipment purchases	40,000	41,192	(1,192)	55,000	14,055	40,945
Construction, repair, and maintenance	920,000	361,046	558,954	870,000	279,165	590,835
Debt service	98,000	97,490	510	63,636	63,455	181
Other	38,000	17,923	20,077	55,200	57,241	(2,041)
Total Disbursements	1,925,744	1,278,721	647,023	1,809,931	1,186,974	622,957
RECEIPTS OVER (UNDER) DISBURSEMENTS	(330,744)	21,756	352,500	(319,931)	3,538	323,469
CASH, JANUARY 1	374,518	374,518	0	370,980	370,980	0
CASH, DECEMBER 31	\$ 43,774	396,274	352,500	51,049	374,518	323,469

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

MCDONALD COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

		Year Ended December 31,					
		1999			1998		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	120,605	124,386	3,781	119,605	114,713	(4,892)
Interest		400	380	(20)	300	449	149
Other		0	0	0	0	420	420
Transfers in		50,000	40,000	(10,000)	50,000	53,000	3,000
Total Receipts		171,005	164,766	(6,239)	169,905	168,582	(1,323)
DISBURSEMENTS							
Assessor		170,102	161,642	8,460	169,400	168,397	1,003
Total Disbursements		170,102	161,642	8,460	169,400	168,397	1,003
RECEIPTS OVER (UNDER) DISBURSEMENTS		903	3,124	2,221	505	185	(320)
CASH, JANUARY 1		188	188	0	3	3	0
CASH, DECEMBER 31	\$	1,091	3,312	2,221	508	188	(320)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Intergovernmental	\$ 3,800	4,426	7,000	2,401	(4,599)	
Charges for services	0	3,398	0	2,918	2,918	
Transfer in	0	0	0	500	500	
Total Receipts	3,800	7,824	7,000	5,819	(1,181)	
DISBURSEMENTS						
Sheriff	2,000	5,310	7,000	8,997	(1,997)	
Total Disbursements	2,000	5,310	7,000	8,997	(1,997)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,800	2,514	0	(3,178)	(3,178)	
CASH, JANUARY 1	(1,765)	(1,765)	1,413	1,413	0	
CASH, DECEMBER 31	\$ 35	749	1,413	(1,765)	(3,178)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	1,500	1,272	(228)	1,300	1,587	287
Other	0	0	0	0	219	219
Total Receipts	1,500	1,272	(228)	1,300	1,806	506
DISBURSEMENTS						
Prosecuting Attorney	3,000	2,808	192	1,650	1,085	565
Total Disbursements	3,000	2,808	192	1,650	1,085	565
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	(1,536)	(36)	(350)	721	1,071
CASH, JANUARY 1	1,550	1,550	0	829	829	0
CASH, DECEMBER 31	50	14	(36)	479	1,550	1,071

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

MCDONALD COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH DEPARTMENT FUND

Year Ended December 31,						
1999			1998			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 237,658	180,718	(56,940)	217,599	191,240	(26,359)
Charges for services	23,400	7,508	(15,892)	8,500	6,062	(2,438)
Other	5,800	9,446	3,646	5,300	8,271	2,971
Transfer in	5,000	5,000	0	15,000	4,000	(11,000)
Total Receipts	271,858	202,672	(69,186)	246,399	209,573	(36,826)
DISBURSEMENTS						
Salaries	163,800	146,873	16,927	123,655	119,160	4,495
Office expenditures	72,361	49,052	23,309	39,000	61,378	(22,378)
Equipment	5,000	1,346	3,654	7,500	0	7,500
Mileage and training	5,000	4,885	115	5,200	4,832	368
Fringe benefits	22,200	22,770	(570)	15,400	19,773	(4,373)
Other	3,000	1,193	1,807	35,308	17,223	18,085
Total Disbursements	271,361	226,119	45,242	226,063	222,366	3,697
RECEIPTS OVER (UNDER) DISBURSEMENTS	497	(23,447)	(23,944)	20,336	(12,793)	(33,129)
CASH, JANUARY 1	430	430	0	13,223	13,223	0
CASH, DECEMBER 31	\$ 927	(23,017)	(23,944)	33,559	430	(33,129)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT SALES TAX FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Sales tax	\$ 0	58	58
Total Receipts	0	58	58
DISBURSEMENTS			
Transfer out	145,979	146,037	(58)
Total Disbursements	145,979	146,037	(58)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(145,979)	(145,979)	0
CASH, JANUARY 1	145,979	145,979	0
CASH, DECEMBER 31	\$ 0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

MCDONALD COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

		Year Ended December 31,					
		1999			1998		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	15,000	17,058	2,058	10,000	15,143	5,143
Interest		350	356	6	0	348	348
Total Receipts		15,350	17,414	2,064	10,000	15,491	5,491
DISBURSEMENTS							
Prosecuting Attorney		19,000	18,425	575	19,000	14,629	4,371
Transfer out		0	2,465	(2,465)	0	5,000	(5,000)
Total Disbursements		19,000	20,890	(1,890)	19,000	19,629	(629)
RECEIPTS OVER (UNDER) DISBURSEMENTS		(3,650)	(3,476)	174	(9,000)	(4,138)	4,862
CASH, JANUARY 1		5,032	5,032	0	9,170	9,170	0
CASH, DECEMBER 31	\$	1,382	1,556	174	170	5,032	4,862

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Charges for services	\$ 10,000	9,870	8,500	10,133	1,633	
Interest	1,500	1,234	0	1,544	1,544	
Total Receipts	11,500	11,104	8,500	11,677	3,177	
DISBURSEMENTS						
Ex Officio Recorder of Deeds	20,800	21,260	12,550	19,737	(7,187)	
Total Disbursements	20,800	21,260	12,550	19,737	(7,187)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,300)	(10,156)	(4,050)	(8,060)	(4,010)	
CASH, JANUARY 1	43,774	43,774	51,834	51,834	0	
CASH, DECEMBER 31	\$ 34,474	33,618	47,784	43,774	(4,010)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LOCAL RECORDS FUND

		Year Ended December 31,					
		1999			1998		
				Variance			Variance
		Budget	Actual	Favorable	Budget	Actual	Favorable
				(Unfavorable)			(Unfavorable)
RECEIPTS							
Intergovernmental	\$	0	0	0	2,513	2,503	(10)
Total Receipts		0	0	0	2,513	2,503	(10)
DISBURSEMENTS							
Salaries		900	0	900	1,175	0	1,175
Other		265	0	265	0	0	0
Transfer out		0	1,165	(1,165)	0	0	0
Total Disbursements		1,165	1,165	0	1,175	0	1,175
RECEIPTS OVER (UNDER) DISBURSEMENTS		(1,165)	(1,165)	0	1,338	2,503	1,165
CASH, JANUARY 1		1,165	1,165	0	(1,338)	(1,338)	0
CASH, DECEMBER 31		\$ 0	0	0	0	1,165	1,165

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF'S SPECIAL FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Intergovernmental	\$ 0	0	10,000	7,844	(2,156)	
Interest	0	0	0	187	187	
Other	1,000	7,467	0	2,067	2,067	
Total Receipts	1,000	7,467	10,000	10,098	98	
DISBURSEMENTS						
Sheriff	1,201	7,863	9,368	12,604	(3,236)	
Transfer out	0	840	0	0	0	
Total Disbursements	1,201	8,703	9,368	12,604	(3,236)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	(201)	(1,236)	632	(2,506)	(3,138)	
CASH, JANUARY 1	1,236	1,236	3,742	3,742	0	
CASH, DECEMBER 31	\$ 1,035	0	4,374	1,236	(3,138)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
EXTRADITION AND TRANSPORTATION FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Intergovernmental	\$ 20,000	13,084	10,000	27,408	17,408	
Total Receipts	20,000	13,084	10,000	27,408	17,408	
DISBURSEMENTS						
Sheriff	20,000	10,711	10,000	28,486	(18,486)	
Total Disbursements	20,000	10,711	10,000	28,486	(18,486)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,373	0	(1,078)	(1,078)	
CASH, JANUARY 1	2,601	2,601	3,679	3,679	0	
CASH, DECEMBER 31	\$ 2,601	4,974	3,679	2,601	(1,078)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Charges for services	\$ 500	3,067	500	325	(175)	
Other	0	275	0	0	0	
Total Receipts	500	3,342	500	325	(175)	
DISBURSEMENTS						
Prosecuting Attorney	0	2,034	0	0	0	
Total Disbursements	0	2,034	0	0	0	
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,308	500	325	(175)	
CASH, JANUARY 1	526	526	201	201	0	
CASH, DECEMBER 31	\$ 1,026	1,834	701	526	(175)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF'S CIVIL FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Charges for services	\$ 11,421	11,156	11,941	12,071	130	
Total Receipts	11,421	11,156	11,941	12,071	130	
DISBURSEMENTS						
Sheriff	11,416	14,508	11,941	10,958	983	
Transfer out	0	0	0	500	(500)	
Total Disbursements	11,416	14,508	11,941	11,458	483	
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	(3,352)	0	613	613	
CASH, JANUARY 1	871	871	258	258	0	
CASH, DECEMBER 31	\$ 876	(2,481)	258	871	613	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW LIBRARY FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Charges for services	\$ 2,500	3,005	2,000	3,075	1,075	
Interest	0	42	0	52	52	
Total Receipts	2,500	3,047	2,000	3,127	1,127	
DISBURSEMENTS						
Law library	2,000	2,462	2,000	3,866	(1,866)	
Total Disbursements	2,000	2,462	2,000	3,866	(1,866)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	585	0	(739)	(739)	
CASH, JANUARY 1	1,745	1,684	2,423	2,423	0	
CASH, DECEMBER 31	\$ 2,245	2,269	2,423	1,684	(739)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Q

MCDONALD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT COURT INTEREST FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Interest	\$ 2,400	2,091	2,900	2,403	(497)	
Total Receipts	2,400	2,091	2,900	2,403	(497)	
DISBURSEMENTS						
Circuit Clerk	4,200	4,366	5,800	4,051	1,749	
Total Disbursements	4,200	4,366	5,800	4,051	1,749	
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(2,275)	(2,900)	(1,648)	1,252	
CASH, JANUARY 1	6,990	7,003	8,227	8,651	424	
CASH, DECEMBER 31	\$ 5,190	4,728	5,327	7,003	1,676	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit R

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S INTEREST FUND

Year Ended December 31,			
1999			
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
RECEIPTS			
Interest	\$ 130	140	10
Total Receipts	130	140	10
DISBURSEMENTS			
Ex Officio Recorder of Deeds	600	390	210
Total Disbursements	600	390	210
RECEIPTS OVER (UNDER) DISBURSEMENTS	(470)	(250)	220
CASH, JANUARY 1	793	820	27
CASH, DECEMBER 31	\$ 323	570	247

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MCDONALD COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Recorder's Interest Fund for the year ended December 31, 1998, and the county did not adopt formal budgets for the Domestic Violence Fund, DARE Fund, and the River Patrol Fund for the years ended December 31, 1999 and 1998.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	1998
Law Enforcement Training Fund	1999 and 1998
Law Enforcement Sales Tax Fund	1998
Prosecuting Attorney Bad Check Fund	1999 and 1998
Recorder's Fund	1999 and 1998
Sheriff's Special Fund	1999 and 1998
Extradition and Transportation Fund	1998
Prosecuting Attorney Delinquent Sales Tax Fund	1999
Sheriff's Civil Fund	1999
Law Library Fund	1999 and 1998
Circuit Court Interest Fund	1999 and 1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 1999. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 1999 and 1998, did not include the Law Library Fund, Circuit Court Interest Fund, Recorder's Interest Fund, DARE Fund, and the River Patrol Fund.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than

depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1999 and 1998 were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Schedule

MCDONALD COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 1999 AND 1998

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

99-1

County Road Monies

In April 1998, McDonald County voters renewed a fifty cent county revenue property tax levy for an additional four years. The ballot designated that thirty-eight cents (or 76 percent) of the levy was for general revenue and twelve cents (or 24 percent) was for road and bridge. The County Commission subsequently ordered that 24 percent of the General Revenue Fund property tax collections be allocated to the Special Road and Bridge Fund and to the special road districts in the same manner as County Aid Road Trust (CART) funds. In the prior audit, it was reported that at December 31, 1997, the General Revenue Fund owed \$127,807 and \$13,293 to the Special Road and Bridge Fund and to the special road districts, respectively.

During the two years ended December 31, 1999, the county did not transfer any property tax to the Special Road and Bridge Fund or the special road and bridge districts. However, the county did not make the 3 percent administrative transfer from the Special Road and Bridge Fund as allowed by statute in 1999 or 1998, and the county considered this as at least partially offsetting the amount owed to the Special Road and Bridge Fund. Taking these adjustments into consideration, we determined that at December 31, 1999, the General Revenue Fund owed \$217,580 to the Special Road and Bridge Fund. Since the special road districts dissolved in May 1999, the entire amount is to be transferred to the Special Road and Bridge Fund.

This condition was noted in our prior report and the County Commission responded that they would make an effort to implement this recommendation; however, little or no corrective action has been taken.

WE AGAIN RECOMMEND the County Commission transfer \$217,580 from the General Revenue Fund to the Special Road and Bridge Fund and make the required allocation to the road fund on a periodic basis.

AUDITEES RESPONSE:

We are fully aware of the required property tax transfer to the Special Road and Bridge Fund. We had planned on transferring some of the property taxes in 2000; however, we simply were unable to do so. Due to the demands for general services in 2001, it does not appear feasible to expect any transfers in that year. We will review the possibility of changing the property tax levy in the future. We will continue to provide the services we believe our constituents expect to have provided for them.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MCDONALD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by McDonald County, Missouri, on the applicable finding in our prior audit report issued for the three years ended December 31, 1997.

3.A. County Road Monies

The county did not distribute a portion of the General Revenue Fund property tax collections to the road funds as authorized by a ballot approved by the voters.

Recommendation:

The County Commission:

Transfer \$127,807 from the General Revenue Fund to the Special Road and Bridge Fund and distribute \$13,293 to the special road districts from the General Revenue Fund and make the required allocation to the road funds on a periodic basis.

Status:

Not Implemented. See finding number 99-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MCDONALD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 21, 2000.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of McDonald County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	County Financial Condition
-----------	-----------------------------------

The McDonald County General Revenue Fund is experiencing a decline in cash balances. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the three years ended December 31, 1999:

		Year Ended December 31,		
		1999	1998	1997
Cash Balance, January 1	\$	88,270	343,378	228,591
Receipts		1,384,169	1,583,147	1,344,694
Disbursements		1,436,305	1,838,255	1,229,907
Cash Balance, December 31	\$	36,134	88,270	343,378

During 1998, the county completed its courthouse addition project which totaled approximately \$440,000. The county planned on funding the courthouse addition by using much of the accumulated cash balance in the General Revenue Fund plus funds remaining in the Law Enforcement Sales Tax Fund (approximately \$146,000). The county also borrowed \$100,000 of which approximately \$76,000 (plus interest) remained outstanding at December 31, 1999.

It appears the county has exhausted most of its accumulated cash balance in the General Revenue Fund and continues to spend at a level that is beyond its ability to fund. As noted in finding number 99-1, the General Revenue Fund owes the Special Road and Bridge Fund \$217,580 at December 31, 1999. The county is financing general operating activities by improperly retaining road monies. The county's budget for the year ended December 31, 2000, projects the ending cash balance of the General Revenue Fund to be \$6,869 with no expected transfer of property taxes to the Special Road and Bridge Fund. In addition, the county borrowed \$134,036 for patrol cars in January 2000 to be paid off over several years (increasing the debt of the county's General Revenue Fund). The county is close to exceeding the maximum amount of debt that it can legally incur considering the required property tax monies due the Special Road and Bridge Fund and the liabilities for the two loans.

The county is required to reduce its property tax revenues by 50 percent of the sales tax revenues collected each year. Upon review of the county's 1999 property tax rollback, it appears the county used a lower property tax ceiling while computing the required reduction

resulting in a lower property tax levy than was required. The county may want to review this situation when computing future property tax rollbacks.

The County Commission should review discretionary disbursements to ensure efficient use of resources available to the county and to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should attempt to maximize receipts from all sources.

WE RECOMMEND the County Commission consider various alternatives of increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.

AUDITEES RESPONSE:

As noted in our earlier response to Finding 99-1, we are fully aware of the limited sources of revenue and expanding costs of services provided to the citizens of McDonald County. We will continue to do the best job possible using the funds available.

2. Budgetary and Reporting Practices

A. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	1999	1998
General Revenue	\$ N/A	44,742
Law Enforcement Training	3,310	N/A
Prosecuting Attorney Bad Check	1,890	629
Recorder's	460	7,187
Sheriff's Special	7,502	3,236
Extradition and Transportation	N/A	18,486
Prosecuting Attorney Delinquent Sales Tax	2,034	N/A
Sheriff's Civil	3,092	N/A
Law Library	462	1,866
Circuit Court Interest	166	N/A

It appears this situation occurred because the applicable officials do not adequately monitor the budgetary status of the various funds.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo Cum. Supp. 1999, provides that counties may amend the annual budget during any year in which the county receives

additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- B. Formal budgets were not prepared for the Domestic Violence Fund, DARE Fund, and the River Patrol Fund for the years ended December 31, 1999 and 1998.

Chapter 50, RSMo requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing budgets or obtaining budgets for all funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- C. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.800, RSMo 1994, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.
- D. The Health Center Fund and the Sheriff's Civil Fund had a negative cash balance of \$23,017 and \$2,481, respectively at December 31, 1999. In addition, the Law Enforcement Training Fund had a negative cash balance of \$1,765 at December 31, 1998. The County Commission and other officials allowed these funds to incur disbursements greater than the available resources of these funds. Article VI, Section 26(a) of the Missouri Constitution states, "No county . . . shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years"

Conditions similar to parts A, B, and C were also noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. Ensure expenditures are not incurred in excess of available monies.

AUDITEES RESPONSE:

A. *The General Revenue Fund was overspent in 1998 because we decided to complete the courthouse project. We will continue to make the other county officials aware of their budgetary status.*

B&C. *This has been done for all county funds we were aware of.*

D. *We will attempt to implement.*

3. County Expenditures

- A. A review of expenditures indicated that the county generally made efforts to seek competitive bids for most major purchases; however, several items purchased by elected officials and the county were noted in which bids were not solicited, nor was bid documentation always retained. Examples of items purchased, for which bid documentation could not be found or was not solicited, are as follows:

Computers for the Prosecuting Attorney's office	\$ 8,365
Carpet for the courthouse	6,563

Section 50.660, RSMo Cumulative Supp.1999, requires the advertisement of bids for all purchases of \$4,500 or more. Bidding procedures for major purchases provide a framework for economical management of county resources and help ensure the county receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given equal opportunity to participate in county business. Documentation of bids should always be retained as evidence that the county's established purchasing procedures as well as statutory requirements are followed.

- B. The County received \$2,401 from the Department of Public Safety for Peace Officers Standards and Training (POST) commission in 1998. These monies were not receipted by the County Treasurer. The check was endorsed and turned directly over to the local law enforcement academy to pay for training. Neither the County Treasurer nor the Sheriff have documentation of disbursing these funds to the local law enforcement academy.

The county should ensure all monies are properly recorded and deposited into the depository accounts. Subsequent disbursements should be made upon official county checks and supported by adequate documentation.

- C. According to the County Commission and the road and bridge foreman, the road and bridge grader operators are allowed to grade private roads in the county if time allows. A log is not maintained to document the roads graded. The county does have a written policy prohibiting the use of county equipment and resources on private

property. Considering the overwhelming responsibility of maintaining adequate county roads and bridges along with the limited resources available, county resources and equipment should be used for official county business.

- D. In February 1999, the county purchased 2.5 acres of land next to the county's road and bridge barn. The county did not obtain a professional appraisal to value the land prior to purchase and negotiated with the owner for a final purchase price. The county's records show the county paid \$7,200 for the land.

While the County Commission believes the amount paid for the real estate was reasonable and cheaper than relocating the road barn, a written independent appraisal from a private company should have been obtained prior to the purchase of the land and used to provide the basis for price negotiations. This would have helped to better ensure the amount paid was reasonable.

WE RECOMMEND:

- A. The County Commission and other County Officials solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained. If bids are not obtained and/or sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. County Treasurer ensure all monies received by the county are deposited, posted to the fund ledger, and payments are made through the county disbursing system.
- C. The County Commission discontinue the practice of allowing county equipment and resources to be used on private property and ensure usage logs are maintained to monitor the use of county equipment.
- D. The County Commission obtain professional appraisals on land it considers purchasing and review all possible options for the most cost-effective method of obtaining land.

AUDITEES RESPONSE:

The County Commission provided the following responses:

- A. *We have made vast improvements in our bidding efforts and will continue to do so in the future.*
- C. *We do have a policy prohibiting the use of county equipment on private property which we plan to follow. Any work performed on private property to assist our citizens in emergency situations or when their roads are washed out will be fully documented.*
- D. *We will do so in the future.*

The County Treasurer provided the following response:

B. I agree. This was an isolated situation.

4. Personnel Policies and Procedures

- A. The county's employee handbook includes provisions that any hours worked over forty hours a week will be paid overtime. Payment for overtime is granted as time off at the rate of one and a half units for each unit of overtime worked. In addition, any overtime accumulated must be taken within six months of the time accumulated or it is lost.

This policy may not comply with the Fair Labor Standards Act (FLSA) which states that covered employees may accumulate a maximum of 240 hours of compensatory time and amounts over these limits will be compensated in pay. The county is required to account for and pay either overtime or allow compensatory time off for nonexempt employees.

The County Commission should review its personnel policy for all employees and adopt overtime and compensatory time policies which comply with the FLSA.

- B. Centralized records of leave balances and leave used and earned are not maintained for all offices. The sheriff's office and the health department maintain the leave and compensatory time records within their offices.

Without centralized records, the County Commission cannot ensure that employees' vacation, sick leave, and compensatory time balances are accurate and that all employees are treated equitably. Centralized leave records also aid in determining unused vacation leave upon termination of employment.

A condition similar to part B was also noted in our prior report.

WE RECOMMEND the County Commission:

- A. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- B. Maintain centralized records of leave earned, used, and accumulated for all county employees.

AUDITEES RESPONSE:

- A. *We were aware of this and have been in the process of reviewing and changing our policy to comply with the FLSA.*

B. *We agree.*

5. Property Tax Books

The County Assessor enters the assessment information into the county's computer system. The county's computer operator obtains the tax rates from the County Clerk, enters them into the computer system and generates the tax books. There is no evidence that the County Clerk is adequately verifying the tax books charged to the County Collector. Sections 137.290 and 140.050, RSMo 1994, require the county clerk to extend tax books and to charge the county collector with the total amount of the current tax books and the aggregate amount of taxes and fees in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide a system of checks and balances. Failure to perform reviews of the tax books and test some individual tax bill computations may result in the failure to discover errors and irregularities.

This condition was noted in our last two reports and the County Clerk responded that she would make an effort to implement this recommendation; however, little or no corrective action has been taken.

WE AGAIN RECOMMEND the County Clerk review the tax books for accuracy, test individual tax bills for accuracy, and document all procedures performed.

AUDITEES RESPONSE:

I will do this.

6. Court Accounting Controls and Procedures
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A review of the Circuit Court, Associate and Probate Divisions under the Circuit Clerk's authority disclosed the following concerns:

- A. On January 1, 1998, the Circuit Clerk's office opened one consolidated bank account for the Circuit Court, Associate Civil Division, and Probate Division. An open-items list is prepared only for the Circuit Court. At December 31, 1999, the reconciled cash balance exceeded the open items listing by \$16,940.

Accurate open-items listings help to ensure that receipts and disbursements are properly handled and accurately posted to the case fee sheets, and to verify there is sufficient cash to satisfy all liabilities. The court should make an effort to identify the cases (the Associate Civil and Probate Division) that are associated with the excess cash balance.

- B. At December 31, 1999, \$3,484 in cash bonds had been held in the criminal account of the Associate Division for more than two years. Cases that are open for an extended period of time should be reviewed and the related monies distributed as appropriate with the approval of the Associate Judge. For bonds which are unclaimed and the defendant cannot be located, the monies should be distributed to the state Unclaimed Property Section in accordance with Sections 447.500 through 447.595, RSMo 1994.
- C. Although the Associate Division began recording and depositing all current criminal and traffic receipts on a consolidated Associate Criminal Management System (ACMS) in January 1998, the division continues to utilize a separate ACMS accounting system and bank account for traffic cases that were filed prior to that time. Fines and costs collected during the audit period for the old traffic cases for the period April 1998 through December 1998 totaling \$4,208 were not disbursed until February 1999 and for the period January 1999 through March 2000 totaling \$2,785 were not disbursed until April 2000.

Section 483.023, RSMo Supp. 1999, requires that court costs payable to the state and county be distributed monthly.

- D. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

- E. The Associate and Probate Divisions maintain several old bank accounts that are no longer utilized. Monies held in these accounts should be identified and disbursed so that the accounts may be closed. The account balances at December 31, 1999, are as follows:

Associate Division Traffic	\$ 3,201
Associate Division Civil I	24,615
Associate Division Civil II	4,992
Probate	1,212

Reconciling these accounts in order to disburse the monies and close out the accounts will reduce the bookkeeping tasks of the Circuit Clerk's office.

Conditions similar to parts A and B were noted in the prior report.

WE RECOMMEND the Circuit Clerk:

- A. Actively supervise the various offices under his supervision.
- B. Attempt to identify the excess cash balance which currently exists in the consolidated Circuit Court account.
- C. Ensure bond monies are distributed on a timely basis. Unclaimed bonds should be disposed of in accordance with Chapter 447, RSMo 1994.
- D. Ensure Associate Division court costs are distributed on a monthly basis as required.
- E. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- F. Identify the monies held in the old bank accounts and disburse the monies so that the accounts can be closed.

AUDITEES RESPONSE:

- A. *We have delegated portions of financial responsibilities, thereby allowing ample time for proper bookkeeping procedures.*
- B. *We are paying out garnishments at month end instead of 90 days, eventually achieving a zero monthly balance. An open items list will be created on a monthly basis. We are currently updating the previous months' open balance. We will identify, disburse, and reconcile the open items to the bank account on a monthly basis.*
- C. *These were reviewed in January 2000, and disbursed, with the exception of certain bonds wherein old case files need to be located in order to identify who posted the bond and where it should be sent. We cannot turn these over as unclaimed property as we are required to identify who posted the bond. We are continually working to resolve this problem and hope to disburse all of these bonds; however, we may require some guidance from the Office of the State Court Administrator's Office should this not be possible.*
- D. *All of the outstanding fines and costs have been disbursed in this old account. We have developed and will implement procedures to completely close out this traffic account and use only the current account.*
- E. *We are in the process of developing and implementing written policies and procedures to be followed by our office wherein all outstanding fine and costs will be collected or deemed uncollectible and turned over to the county within a reasonable time for collection. We will be seeking guidance from the office of State Court Administrator's Office in certain cases where we currently have no avenue for identifying the party responsible for payment.*

- F. *The Probate account has been reconciled and paid out. We are currently in the process of reconciling, disbursing, and closing out the Civil I and Civil II accounts. We have identified 92 percent of the Civil I account and all of the Civil II account. The Associate Division Traffic account; however, was being utilized (refer to "D").*

7. Sheriff's Accounting Controls and Procedures
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During our review of the Sheriff's accounting controls and procedures, we noted the following areas of concern:

- A. Accounting and bookkeeping duties are not adequately segregated. One deputy is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. An independent review of the accounting records is not performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording receipts and preparing disbursements. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Monthly listings of open items (liabilities) are not prepared for the fee account. Consequently, liabilities are not reconciled with cash balances. Monthly listings of open items should be prepared and reconciled to the cash balances to ensure the records are in balance and that sufficient cash is available for the payment of all liabilities.

- C. Our review of cash receipting and depositing procedures revealed the following concerns:

1. Receipt slips are not always issued for monies received. To adequately account for all receipts, receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.
2. Checks received and deposited in the fee account are not endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- D. Adequate controls over seized property have not been established. Although the sheriff's office maintains an inventory listing of seized property, the listing is not properly updated. In addition, periodic inventories of the property on hand are not conducted.

We observed a chain saw and a weed eater that were not on the listing as well as noting a pistol, holster, and ammunition that had been released but were still shown on hand because the proper disposition forms had not yet been filled out.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

E. The Sheriff's department maintains two bank accounts (the DARE and the River Patrol account) outside of the control of the County Treasurer. The Sheriff's department received approximately \$17,000 in donations during the two years ended December 31, 1999, that were deposited into the two accounts that were used to purchase equipment and supplies for law enforcement purposes. During our review of these accounts, the following concerns were noted:

1. There is no authority for the Sheriff to maintain custody of these accounts. These monies represent county funds and should be turned over to the County Treasurer. At December 31, 1999, the account balances totaled \$1,819.

Attorney General's Opinion No. 45, 1992 to Henderson, concluded that the sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

2. Bank reconciliations are not performed for the DARE and the River Patrol account. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are detected on a timely basis. When performing bank reconciliations, the numerical sequence of checks should also be accounted for and check details (such as payee, amount, signature, and endorsement) should be reviewed for reasonableness and propriety.

WE RECOMMEND the Sheriff:

- A. Segregate the duties of receipting, recording, disbursing, and reconciling cash. There should be a supervisory review of reconciliations between receipts and deposits and bank reconciliations should be reviewed and signed by the Sheriff or another designated individual independent of cash duties.
- B. Prepare an open-items listing monthly and reconcile it to the fee account cash balance.

- C.1. Issue prenumbered receipt slips for bond monies immediately upon receipt and account for their numerical sequence.
- 2. Restrictively endorse checks and money orders immediately upon receipt.
- D. Maintain a complete inventory record of all seized property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
- E. Turn over the remaining \$1,819 of funds to the County Treasurer. Until such time as the funds are turned over, the Sheriff's department should prepare and retain bank reconciliations for all accounts.

AUDITEES RESPONSE:

The Sheriff's bookkeeper provided the following responses:

- A. *I will encourage the new Sheriff to review these areas.*
- B. *This will be done.*
- C.1. *This is supposed to be our procedure.*
 - 2. *This has been implemented.*
- D. *The department is currently working on this area.*
- E. *The River Patrol account has been closed. We will review the DARE account with the new Sheriff.*

8. Prosecuting Attorney's Accounting Controls and Procedures

A review of the records and procedures of the Prosecuting Attorney's office disclosed the following concerns:

- A. Accounting and bookkeeping duties are not adequately segregated. One individual is responsible for receiving, recording, depositing and distributing monies for the restitution account. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, there should be a documented review made by a supervisor. We did not observe any documented review by the Prosecuting Attorney.

- B. Checks and money orders are not restrictively endorsed until the deposit is prepared. To reduce the potential for loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. A monthly report of bad check fees turned over to the County Treasurer is not filed with the County Commission. Section 50.370, RSMo 1994, requires that an itemized and accurate list of fees collected be filed by county officials with the County Commission monthly.

A condition similar to part C was noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. File monthly reports of bad check fees in accordance with state law.

AUDITEES RESPONSE:

I see no problem with any of these three recommendations and will do my best to implement.

9.	Health Department Procedures
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Our review of county health department cash receipt records and procedures revealed the following concerns:

- A. Receipt slips are not written for all monies received. To ensure receipts are accounted for properly and to lessen the risk of monies being misplaced or stolen, prenumbered receipt slips should be issued for all money received.
- B. The health department transmits receipts directly to the County Treasurer. Receipts are not transmitted to the County Treasurer intact as cash is withheld to make change. The health department does not keep the change fund at a constant amount. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact daily and the change fund should be maintained at a constant amount.

WE RECOMMEND the Health Center Administrator:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of all receipts.

- B. Remit all monies received to the County Treasurer intact daily or when accumulated receipts exceed \$100. If a change fund is needed, the fund should be established and maintained at a constant amount.

AUDITEES RESPONSE:

The Health Center Administrator responded that the recommendations had been implemented.

This report is intended for the information of the management of McDonald County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

MCDONALD COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by McDonald County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1997. Finding number 3.A. is omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. Budgetary and Reporting Practices

- A. Formal budgets were not prepared for various county funds.
- B. Disbursements exceeded budgeted amounts for several county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendations:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Ensure expenditures and transfers between funds are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A-C. Not implemented. See MAR No. 2.

2. Federal Financial Assistance

- A&B. Salary expenditures of the Sheriff's deputies paid under federal grants were not supported by adequate documentation.
- C. The county health department records related to federal grant expenditures and resulting reimbursements were not maintained in a complete and organized manner.

Recommendation:

The County Commission consult with the grantor agencies to resolve the questioned costs. In addition, the County Commission should:

- A&B. Ensure the Sheriff's department maintains adequate documentation to support the expenditures of federal grant funds and ensure that documentation is retained. In addition, checks received related to grant programs should be turned over to the County Treasurer for deposit and the monies processed through the county's established disbursement system. Also, all compensation paid to employees should be included on those individuals' W-2 forms.
- C. Ensure the health department records related to grant expenditures and the resulting reimbursements are maintained in a complete and organized manner.

Status:

A-C. Implemented

3.B. County Road Monies

The county distributed road monies to two special road districts without some type of contractual agreement.

Recommendation:

The County Commission:

Obtain written agreements, which specifically state what services are to be provided to the county, for any distribution of CART or road and bridge sales tax monies to the special road districts.

Status:

Not implemented. The special road districts dissolved in May 1999.

4. Collateral Securities

Collateral securities pledged by the county's depository bank at December 31, 1997, were insufficient by approximately \$685,000, to cover monies in the custody of the County Treasurer and County Collector.

Recommendation:

The County Commission ensure collateral securities pledged by the depository bank are sufficient to protect monies at all times.

Status:

Implemented.

5. Property Tax Books

The County Clerk did not verify the tax books charged to the County Collector.

Recommendation:

The County Clerk review the tax books for accuracy, test individual tax bills for accuracy, and document all procedures performed.

Status:

Not implemented. See MAR No. 5.

6. Sheriff's Controls and Procedures

- A. Time sheets were not prepared by some Sheriff's department employees. In addition, leave (vacation, sick, and compensatory time) records were maintained within the Sheriff's department rather than by the County Clerk's office.
- B. Sheriff's deputies (driver and guard) were paid a per diem when performing extraditions. The officer driving received an additional amount if a personal vehicle was used.

Recommendation:

The County Commission:

- A. Require the Sheriff's department employees to prepare time sheets and submit them to the County Clerk's office for review and to support the preparation of payroll. In addition, leave records for Sheriff's department employees should be maintained by the County Clerk.
- B. Ensure deputies and employees who serve as guards are paid their normal salary for the amount of time spent. If reimbursable expenses are incurred by the Sheriff and his employees, reimbursement should be claimed only for actual miles driven in personal cars or for other actual expenses incurred.

Status:

- A. Partially implemented. Time sheets are prepared and copies are submitted to the County Clerk's office. Sheriff's department employees leave records are still maintained in the Sheriff's department. See MAR No. 4.
- B. Implemented.

7. Prosecuting Attorney's Accounting Controls and Procedures

- A. The Prosecuting Attorney's office maintained one bank account which had been inactive since February 1995.
- B. Bank reconciliations and open-items listings were not prepared for the bad check and restitution bank account.
- C. The cash control ledger was not adequately maintained.
- D. Two receipts totaling \$60 could not be traced to a deposit and were not detected because recorded receipts were not reconciled to deposits.
- E. A monthly report of bad check fees was not filed with the County Commission.

Recommendation:

The Prosecuting Attorney:

- A. Take action to close the inactive bank account. Any monies which can be identified should be distributed to the appropriate parties. Any monies which cannot be identified should be remitted to the state Unclaimed Property Section.
- B. Perform monthly bank reconciliations for the active bank account. In addition, a listing of open items should be prepared on a monthly basis and reconciled to the bank and book balances.
- C. Maintain a proper and complete cash control ledger noting monthly receipt and disbursement totals and ending cash balances.
- D. Investigate those instances where recorded receipts could not be traced to bank deposits and take appropriate action to recover the monies. In addition, recorded receipts should be reconciled to bank deposits on a regular basis.
- E. File monthly reports of bad check fees in accordance with state law.

Status:

- A-C. Implemented.
- D. Partially implemented. The Prosecuting Attorney did not recover the receipts totaling \$60. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Not implemented. See MAR No. 8.

8. Court Accounting Controls and Procedures

- A. The Circuit Clerk's reconciled cash balance exceeded the open-items listing by \$9,826, at December 31, 1997.
- B. The cash control ledger maintained by the Probate Division was not maintained accurately or adequately reconciled to the bank balance. As a result, the Probate Division did not distribute court fees on a monthly basis as required.
- C. Court costs related to the civil section of the Associate Division were not disbursed on a timely basis.
- D. Cash bonds totaling \$1,747 had been held in the criminal account of the Associate Division for more than two years.

Recommendation:

The Circuit Clerk actively supervise the various offices under his supervision. In addition, the Circuit Clerk should:

- A. Attempt to identify the excess cash balance which currently exists in the Circuit Court civil accounts. Any unidentified amount should be disposed of in accordance with Chapter 447, RSMo 1994, and Section 50.500, RSMo 1994.
- B. Ensure the cash control ledger of the Probate Division is maintained accurately and reconciled to the bank balance on a periodic basis. In addition, the fee distributions should be made accurately and on a monthly basis as required.
- C. Ensure Associate Division civil court costs are distributed on a monthly basis as required.
- D. Ensure bond monies are distributed on a timely basis. Unclaimed bonds should be disposed of in accordance with Chapter 447, RSMo 1994.

Status:

A-D. Not implemented. See MAR No. 6.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MCDONALD COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1849, the county of McDonald was named after Alexander McDonald, a Revolutionary War soldier and congressman. McDonald County is a county-organized, third-class county and is part of the 40th Judicial Circuit. The county seat is Pineville.

McDonald County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where McDonald County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 324,267	12	314,533	11
Sales taxes	1,068,056	40	978,064	35
Federal and state aid	927,991	35	911,207	33
Fees, interest, and other	364,332	13	569,855	21
Total	\$ 2,684,646	100	2,773,659	100

The following chart shows how McDonald County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 733,935	27	1,171,170	39
Public safety	702,370	26	667,085	22
Highways and roads	1,278,721	47	1,186,974	39
Total	\$ 2,715,026	100	3,025,229	100

The county maintains approximately 42 county bridges and 731 miles of county roads.

The county's population was 12,357 in 1970 and 16,938 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1999	1998	1985*	1980**	1970**
		(in millions)				
Real estate	\$	84.0	83.9	46.0	13.6	8.6
Personal property		44.6	40.2	16.3	7.1	3.0
Railroad and utilities		16.5	13.8	6.1	4.7	3.0
Total	\$	145.1	137.9	68.4	25.4	14.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

McDonald County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		1999	1998
General Revenue Fund	\$.26	.22
Special Road and Bridge Fund*		.00	.00

* The Special Road and Bridge Fund should receive 24 percent of the General Revenue Fund property tax collections.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28,		
	2000	1999
State of Missouri	\$ 43,693	42,031
General Revenue Fund	370,461	310,816
Special Road and Bridge Fund	6,692	12,979
Assessment Fund	52,627	46,256
Schools	3,988,062	3,587,160
Library	146,347	127,226
Crowder College	580,104	540,312
Overplus Fund	14,111	16,437
Tax Sale Advertising	665	1,057
Cities	29,187	31,875
County Clerk	394	196
County Employees' Retirement	35,239	28,106
Commissions and fees:		
General Revenue Fund	92,720	82,886
Total	\$ <u>5,360,302</u>	<u>4,827,337</u>

Percentages of current taxes collected were as follows:

Year Ended February 28,		
	2000	1999
Real estate	88 %	88 %
Personal property	88	90
Railroad and utilities	98	99

McDonald County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Road and bridge operations	.0050	None	100

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2000	1999	1998
County-Paid Officials:			
Bill Wilson, Presiding Commissioner	\$	27,080	14,580
Henry Smith, Associate Commissioner		14,580	14,580
Lawrence Myers, Associate Commissioner		14,580	14,580
Joye Helm, County Clerk		38,000	28,365
Stephen Geeding, Prosecuting Attorney		45,000	
Duane Cooper, Prosecuting Attorney			30,800
Don Schlessman, Sheriff		29,520	29,520
Mary Lou Shaddox, County Treasurer		28,120	18,103
Gale Duncan, County Coroner		5,330	5,330
Donna Underwood, Public Administrator *		4,000	
Robert Hamilton, Public Administrator *			4,000
Cloteel Atkins, County Collector, year ended February 28,	38,000	30,750	
Kenneth Christerson, County Assessor **, year ended August 31,		39,526	38,860
James Loncarich, County Surveyor ***			
State-Paid Officials:			
Gene Hall, Circuit Clerk and Ex Officio Recorder of Deeds		44,292	42,183
John LePage, Associate Circuit Judge		87,235	
Ray Gordon, Associate Circuit Judge			85,158

* Includes fees received from probate cases.

** Includes \$900 annual compensation received from the state.

*** Compensation on a fee basis.

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	2 *	7
County Clerk	3	0
Prosecuting Attorney	5	0
Sheriff	18 **	0
County Collector	2	0
County Assessor	5	0
Road and Bridge	18	0
Health Center	7	0
Total	<u>60</u>	<u>7</u>

* Includes one part-time employee

** Includes two part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. McDonald County's share of the 40th Judicial Circuit's expenses is 27.59 percent.

General obligation bonds, dated October 1, 1994, were issued in the original amount of \$1,950,000. These bonds were issued to provide funds loaned to Sibley Industries pursuant to an agreement to acquire, construct, extend, and improve and industrial plant. Bonds payable at December 31, 1999, totaled \$1,670,000 and this debt issue is scheduled to be fully liquidated in 2014.

All improvements are owned by Sibley Industries. The loan agreement requires Sibley Industries to pay the principal, interest, and fiscal charges as they become due. All payments servicing the debt are paid directly to the trustee bank by Sibley Industries. If Sibley Industries defaults on the payments, the improvements and/or plant reverts to the county and the county is obligated to make the debt service payments and may levy a property tax for such purpose.